

## Earnings stay on a growth track

DT's Q3 performance was a bit better than estimated, however the company trimmed its growth outlook for the next two quarters.

### Solid Q3'24, but Q4'24 and Q1'25 growth outlook trimmed

DT's EUR 27.1m Q3 revenue was slightly soft relative to the EUR 27.6m/27.4m Evli/cons. estimates yet the EUR 4.2m adj. EBITA topped the EUR 4.0m/3.8m Evli/cons. estimates as EBITA margin was above the 15% medium-term target. In our view there weren't any big surprises in terms of sales mix and the beat was thus due to smaller-than-estimated cost items. DT however trimmed its growth estimates for the next six months or so; this was somewhat disappointing as continued double-digit y/y growth could have helped Q4 EBITA gain by more than EUR 1m y/y. In our opinion the change is especially due to continued softness in the Chinese market, whereas SBU has been growing at a double-digit rate for a while now.

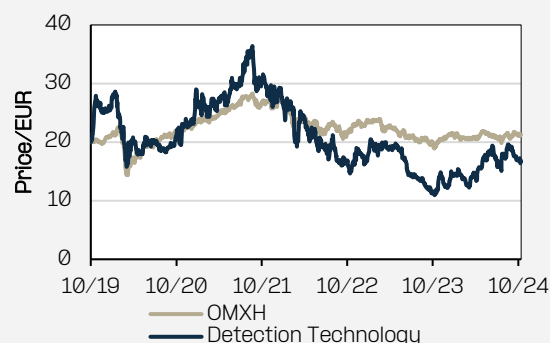
### FY'25 EBITA margin still likely to gain by some 200bps

We cut our Q4 growth estimates for all three units by around 10%; we estimate MBU to decline by 3% y/y, but we still expect it to grow by 6% next year as the comparison figures are not too challenging. We continue to estimate 9% growth for DT in FY'25 as the favorable medium-term outlook for SBU and IBU hasn't changed, especially when it comes to airport security demand but also within other relevant applications. DT in addition announced it will change its reporting structure so that the current end-market units are discontinued and replaced by three regional business units.

### Valuation isn't too high as growth outlook is reasonable

We now estimate 2% revenue growth for Q4, which in our view supports some additional EBITA margin expansion (to around 16%); the 10% cut in top line estimate leads to a decline of EUR 1m in our EBITA estimate to EUR 4.9m. Our FY'25 EBITA margin estimate stays basically unchanged at 15.5% while the lower revenue estimate leads to a downward revision of EUR 0.5m in terms of EBITA. There haven't thus been large changes to DT's valuation and outlook, and the around 16x EV/EBIT on our FY'24 estimates remains below peer multiples, while the EUR 3-4m earnings gain we estimate for FY'25 would bring the multiple down to about 12x. We retain our EUR 19.0 TP and BUY rating.

Rating ++ Buy



Share price, EUR (Last trading) **16.90**

day's closing price)

Target price, EUR 19.0

Latest change in recommendation 31-Jul-23

Latest report on company 16-Oct-24

Research paid by issuer: YES

No. of shares outstanding, '000's 14 656

No. of shares fully diluted, '000's 14 656

Market cap, EURm 248

Free float, % -

Exchange rate -

Reuters code DETEC.HE

Bloomberg code DETEC FH

Average daily volume, EURm 0.1

Next interim report

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++ BUY + HOLD - SELL

### KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	98.6	5.8	5.9%	-1.9	0.35	45.3	2.3	39.2	-0.8%	0.20
2023	103.8	8.2	7.9%	21.1	0.38	29.3	1.8	23.1	10.5%	0.23
2024E	107.7	14.3	13.3%	11.9	0.73	23.0	2.1	15.8	4.8%	0.37
2025E	117.1	18.2	15.5%	15.6	0.97	17.4	1.8	11.9	6.3%	0.49
2026E	124.9	20.3	16.3%	12.6	1.09	15.5	1.7	10.4	5.1%	0.54
Market cap, EURm	248		Gearing 2024E, %		-26.7 %		CAGR EPS 2023-26, %		32.5 %	
Net debt 2024E, EURm	-21		Price/book 2024E		3.1		CAGR Sales 2023-26, %		6.4 %	
Enterprise value, EURm	227		Dividend yield 2024E, %		2.2 %		ROE 2024E, %		14.1 %	
Total assets 2024E, EURm	101		Tax rate 2024E, %		21.3 %		ROCE 2024E, %		17.5 %	
Goodwill 2024E, EURm	0		Equity ratio 2024E, %		79.1 %		PEG, P/E 24/CAGR		1.8	

All the important disclosures can be found on the last pages of this report.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	16.90 PV of Free Cash Flow	105 Long-term growth, %	2.6 % Risk-free interest rate, % 2.25 %
DCF share value	18.43 PV of Horizon value	156 WACC, %	8.5 % Market risk premium, % 5.8 %
Share price potential, %	9.1 % Unconsolidated equity	-1 Spread, %	0.0 % Debt risk premium % 2.8 %
Maximum value	18.4 Marketable securities	19 Minimum WACC, %	8.5 % Equity beta coefficient 1.10
Minimum value	18.4 Debt – dividend	-10 Maximum WACC, %	8.5 % Target debt ratio, % 20 %
Horizon value, %	59.9 % Value of stock	270 No. of shares, Mn	14.7 Effective tax rate, % 20 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	104	108	117	125	131	138	145	152	156	161	165	170
Sales growth (%)	5.3%	3.8%	8.7%	6.7%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	2.6%	2.6%
Operating income (EBIT)	8	14	18	20	20	21	22	24	24	25	26	26
Operating income margin %	7.9%	13.3%	15.5%	16.3%	15.0%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
+ Depreciation+amort.	4	4	4	4	5	5	5	5	5	6	6	
EBITDA	12	18	22	25	24	26	27	29	30	31	31	
- Paid taxes	-2	-3	-4	-4	-4	-4	-5	-5	-5	-5	-5	
- Change in NWC	2	2	2	-3	-2	-2	-2	-3	-2	-2	-1	
NWC / Sales, %	41.8%	38.7%	33.8%	33.8%	33.9%	33.9%	34.0%	34.0%	34.1%	34.1%	34.1%	
+ Change in other liabs												
- Operative CAPEX	-2	-4	-5	-5	-5	-5	-6	-6	-6	-6	-6	
opCAPEX / Sales, %	1.9%	4.1%	4.2%	4.0%	3.8%	3.8%	3.8%	3.8%	3.6%	3.6%	3.5%	
- Acquisitions	12											
+ Divestments												
- Other items												
= FCFF	22	12	16	13	13	14	15	16	18	18	19	330
= Discounted FCFF		12	14	11	10	10	10	9	10	9	9	156
= DFCF min WACC		12	14	11	10	10	10	9	10	9	9	156
= DFCF max WACC		12	14	11	10	10	10	9	10	9	9	156

**Sensitivity analysis, EUR**

	Terminal WACC				
	6.46 %	7.46 %	8.46 %	9.46 %	10.46 %
13.50 %	24.22	19.61	16.56	14.39	12.77
14.50 %	25.91	20.84	17.50	15.13	13.36
15.50 %	27.59	22.07	18.43	15.87	13.95
16.50 %	29.28	23.30	19.37	16.60	14.55
17.50 %	30.97	24.53	20.31	17.34	15.14

**Estimates and valuation**

Estimates	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24E	2024E	2025E
Net sales	98.6	22.8	25.2	24.5	31.3	103.8	22.7	26.1	27.1	31.8	107.7	117.1
Medical	48.1	12.0	12.4	10.8	13.1	48.4	9.5	9.3	10.9	12.7	42.4	45.0
Security	34.4	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.3	13.5	45.9	51.3
Industrial	16.1	3.4	3.7	4.0	5.0	16.2	3.6	5.3	4.9	5.7	19.5	20.9
Adj. EBITA	6.1	1.5	1.4	2.2	4.6	9.7	2.3	3.3	4.2	4.9	14.8	18.2
Net sales growth-%	10%	12%	11%	-10%	11%	5%	0%	3%	11%	2%	4%	9%
Medical	-2%	15%	22%	-27%	3%	0%	-21%	-25%	1%	-3%	-12%	6%
Security	23%	16%	5%	14%	21%	14%	32%	27%	16%	2%	17%	12%
Industrial	26%	-3%	-6%	2%	8%	1%	5%	42%	23%	13%	20%	8%
Adj. EBITA margin	6.2%	7%	5%	9%	15%	9.3%	10%	13%	15%	16%	13.7%	15.5%

DETECTION TECHNOLOGY PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			
		23	24	25	23	24	25	23	24	25	
Hamamatsu Photonics	3761	12.0x	10.8x	9.5x	15.6x	16.5x	14.7x	16.2x	23.9x	22.4x	
OSI Systems	2059	10.9x	10.9x	10.2x	14.4x	13.3x	12.3x	18.6x	15.4x	13.9x	
Varex Imaging	501	10.2x	9.7x	8.3x	15.4x	18.7x	14.1x	12.7x	30.6x	18.7x	
ams-OSRAM	927	5.6x	3.9x	3.4x	12.2x	9.8x	7.1x	8.4x		7.0x	
Analog Devices	107418	17.2x	21.3x	25.0x	18.9x	31.0x	26.4x	24.7x	35.7x	30.1x	
Keysight Tech	25108	16.4x	20.1x	18.4x	17.9x	22.1x	19.8x	19.6x	24.7x	21.7x	
Emerson Electric	58005	17.4x	16.2x	15.1x	19.6x	18.6x	17.3x	23.3x	19.5x	18.1x	
Texas Instruments	177738	18.6x	28.6x	23.3x	21.7x	37.1x	31.4x	29.8x	41.3x	36.0x	
Oxford Instruments	1510	14.2x	12.9x	12.1x	16.3x	15.2x	14.4x	20.0x	20.0x	19.1x	
Trimble	13972	16.6x	16.9x	16.2x	17.4x	18.2x	17.6x	23.2x	22.5x	20.5x	
Hexagon	25167	17.3x	14.6x	13.4x	22.3x	19.0x	17.5x	21.9x	22.3x	19.9x	
Konica Minolta	1963	9.5x	10.2x	8.5x		50.0x	22.1x			19.9x	
iRay Technology Company	2228	45.2x	19.8x	16.0x	50.0x	25.2x	20.6x	24.8x	24.9x	20.3x	
Vieworks	150	10.1x	6.8x	5.3x	13.9x	8.6x	6.4x	16.7x	10.2x	8.2x	
Peer Group Average	30036	15.8x	14.5x	13.2x	19.7x	21.7x	17.3x	20.0x	24.3x	19.7x	
Peer Group Median	2995	15.3x	13.7x	12.8x	17.4x	18.6x	17.4x	20.0x	23.2x	19.9x	
Detection Technology (Evli est.)	248	16.1x	12.5x	9.7x	23.1x	15.8x	11.9x	29.3x	23.0x	17.4x	
<i>Detection Technology prem./disc. to peer median</i>			5%	-9%	-24%	33%	-15%	-32%	47%	-1%	-13%

DETECTION TECHNOLOGY PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
Hamamatsu Photonics	1439	-7.5%	-4.8%	9.9%	23.3%	16.1%	16.4%	1.9%	2.0%	2.0%
OSI Systems	1178	8.7%	14.7%	8.2%	12.7%	14.0%	14.1%			0.0%
Varex Imaging	826	-2.9%	-6.7%	3.0%	9.2%	5.7%	7.4%			
ams-OSRAM	4819	-25.5%	-2.7%	3.0%	6.4%	7.2%	9.6%	0.0%	0.0%	0.0%
Analog Devices	11682	-7.4%	-18.4%	10.2%	47.9%	41.3%	44.0%	1.5%	1.6%	1.7%
Keysight Tech	5231	-5.9%	-6.3%	5.5%	29.2%	25.2%	26.7%	0.0%	0.0%	0.0%
Emerson Electric	19860	-26.1%	11.2%	4.5%	23.1%	23.5%	24.2%	1.9%	2.0%	2.0%
Texas Instruments	18370	-12.5%	-10.8%	11.6%	41.8%	34.5%	36.6%	2.4%	2.5%	2.6%
Oxford Instruments	519	5.4%	6.7%	4.6%	17.2%	16.4%	16.6%	0.9%	1.0%	1.0%
Trimble	3428	2.9%	-5.0%	2.4%	24.6%	24.7%	24.9%	0.0%	0.0%	0.0%
Hexagon	5161	5.3%	-0.7%	5.7%	26.8%	28.1%	28.9%	1.2%	1.4%	1.6%
Konica Minolta	7621	-7.5%	0.0%	-0.5%	-0.3%	1.3%	3.0%	0.9%	0.3%	0.7%
iRay Technology Company	212	14.5%	16.6%	20.2%	36.7%	34.3%	34.8%	1.1%	0.7%	0.8%
Vieworks	169	-10.1%	5.6%	10.6%	8.5%	11.4%	13.8%	1.4%	1.4%	1.5%
Peer Group Average	6592	-4.9%	0.0%	7.1%	21.9%	20.3%	21.5%	1.1%	1.1%	1.1%
Peer Group Median	4819	-6.6%	-1.7%	5.6%	23.2%	20.0%	20.4%	1.2%	1.2%	1.0%
Detection Technology (Evli est.)	99	5.3%	3.8%	8.7%	7.9%	13.3%	15.5%	1.7%	2.2%	2.9%

Source FactSet, Evli Research

**INTERIM FIGURES**

<b>EVLI ESTIMATES, EURm</b>	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Net sales	22.8	25.2	24.5	31.3	103.8	22.7	26.1	27.1	31.8	107.7	117.1	124.9
EBITDA	2.2	2.1	3.1	4.3	11.8	3.2	4.1	4.9	5.9	18.2	22.3	24.6
<i>EBITDA margin (%)</i>	<i>9.9%</i>	<i>8.4%</i>	<i>12.7%</i>	<i>13.7%</i>	<i>11.3%</i>	<i>14.2%</i>	<i>15.9%</i>	<i>18.2%</i>	<i>18.5%</i>	<i>16.9%</i>	<i>19.1%</i>	<i>19.7%</i>
EBIT	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.0	4.7	14.3	18.2	20.3
<i>EBIT margin (%)</i>	<i>6.5%</i>	<i>5.4%</i>	<i>5.4%</i>	<i>12.9%</i>	<i>7.9%</i>	<i>9.8%</i>	<i>12.8%</i>	<i>14.9%</i>	<i>14.9%</i>	<i>13.3%</i>	<i>15.5%</i>	<i>16.3%</i>
Net financial items	-0.3	-0.6	0.0	0.0	-0.9	-0.2	-0.3	-0.1	-0.1	-0.6	-0.2	-0.2
Pre-tax profit	1.2	0.8	1.3	4.0	7.3	2.1	3.1	3.9	4.6	13.7	18.0	20.1
Tax	-0.2	-0.3	-0.4	-0.8	-1.8	-0.4	-0.9	-0.7	-0.9	-2.9	-3.7	-4.1
<i>Tax rate (%)</i>	<i>20.1%</i>	<i>41.7%</i>	<i>20.1%</i>	<i>24.9%</i>	<i>24.5%</i>	<i>19.2%</i>	<i>29.1%</i>	<i>17.8%</i>	<i>20.0%</i>	<i>21.3%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	0.9	0.5	0.9	3.2	5.5	1.7	2.2	3.2	3.6	10.7	14.3	16.0
EPS	0.06	0.03	0.06	0.22	0.38	0.11	0.15	0.22	0.25	0.73	0.97	1.09
EPS adj. (diluted)	0.06	0.03	0.12	0.25	0.47	0.11	0.15	0.22	0.25	0.73	0.97	1.09
Dividend per share					0.23					0.37	0.49	0.54
<b>SALES, EURm</b>	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
MBU	12.0	12.4	10.8	13.1	48.4	9.5	9.3	10.9	12.7	42.4	45.0	47.6
SBU	7.3	9.1	9.7	13.2	39.3	9.6	11.5	11.2	13.5	45.8	51.3	55.1
IBU	3.4	3.7	3.9	5.0	16.1	3.6	5.3	5.0	5.7	19.6	20.9	22.2
Total	22.8	25.2	24.5	31.3	103.8	22.7	26.1	27.1	31.8	107.7	117.1	124.9
<b>SALES GROWTH, Y/Y%</b>	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
MBU	14.6%	22.3%	-26.8%	3.5%	0.6%	-21.2%	-25.1%	0.5%	-3.0%	-12.4%	6.0%	6.0%
SBU	16.2%	5.0%	14.1%	20.8%	14.3%	31.8%	26.9%	14.9%	2.0%	16.5%	12.0%	7.5%
IBU	-3.0%	-6.2%	0.4%	7.9%	0.2%	5.2%	41.5%	27.2%	13.0%	21.4%	7.0%	6.0%
Total	12.0%	10.8%	-10.1%	10.9%	5.3%	-0.3%	3.5%	10.5%	1.7%	3.8%	8.7%	6.7%
<b>EBIT, EURm</b>	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.0	4.7	14.3	18.2	20.3
Total	1.5	1.4	1.3	4.0	8.2	2.2	3.3	4.0	4.7	14.3	18.2	20.3
<b>EBIT margin %</b>	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	6.5%	5.4%	5.4%	12.9%	7.9%	9.8%	12.8%	14.9%	14.9%	13.3%	15.5%	16.3%

<b>INCOME STATEMENT, EURm</b>	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	102.5	81.6	89.8	98.6	103.8	107.7	117.1	124.9
<i>Sales growth (%)</i>	9.2%	-20.4%	10.1%	9.8%	5.3%	3.8%	8.7%	6.7%
EBITDA	19.9	11.9	13.9	9.1	11.8	18.2	22.3	24.6
<i>EBITDA margin (%)</i>	19.5%	14.6%	15.4%	9.2%	11.3%	16.9%	19.1%	19.7%
Depreciation	-2.9	-3.2	-3.3	-3.3	-3.6	-3.7	-3.5	-3.7
EBITA	17.0	8.7	10.6	5.8	8.2	14.5	18.8	20.9
Goodwill amortization / writedown						-0.1	-0.6	-0.6
EBIT	17.0	8.7	10.6	5.8	8.2	14.3	18.2	20.3
<i>EBIT margin (%)</i>	16.6%	10.7%	11.8%	5.9%	7.9%	13.3%	15.5%	16.3%
Reported EBIT	17.0	8.7	10.6	5.8	8.2	14.3	18.2	20.3
<i>EBIT margin (reported) (%)</i>	16.6%	10.7%	11.8%	5.9%	7.9%	13.3%	15.5%	16.3%
Net financials	-1.0	-0.6	0.8	-0.2	-0.9	-0.6	-0.2	-0.2
Pre-tax profit	16.0	8.1	11.4	5.6	7.3	13.7	18.0	20.1
Taxes	-3.6	-1.4	-2.1	-0.4	-1.8	-2.9	-3.7	-4.1
Minority shares								
Net profit	12.5	6.7	9.3	5.1	5.5	10.7	14.3	16.0
Cash NRIs								
Non-cash NRIs								
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	10	10	9	7	17	17	19	20
Goodwill						0	-1	-1
Right of use assets								
Inventory	14	16	22	25	24	26	22	24
Receivables	27	25	31	36	35	32	35	37
Liquid funds	26	25	30	24	19	25	35	40
Total assets	77	76	92	91	95	101	111	120
Liabilities								
Shareholders' equity	58	58	74	73	73	80	89	98
Minority interest					0	0	0	0
Convertibles								
Lease liabilities								
Deferred taxes								
Interest bearing debt	6	6	2	3	6	4	4	3
Non-interest bearing current liabilities	12	11	15	14	14	15	16	17
Other interest-free debt	1	1	1	1	1	1	1	1
Total liabilities	77	76	92	91	95	101	111	120
<b>CASH FLOW, EURm</b>								
+ EBITDA	20	12	14	9	12	18	22	25
- Net financial items	4	-1	3	-6	-1	-1	0	0
- Taxes	-5	-3	-1	-2	-2	-3	-4	-4
- Increase in Net Working Capital	-2	0	-6	-9	2	2	2	-3
+/- Other	-5	-1	-3	7				
= Cash flow from operations	12	8	7	0	11	16	20	18
- Capex	-4	-3	-1	-2	-2	-4	-5	-5
- Acquisitions					12			
+ Divestments								
= Free cash flow	8	4	6	-2	21	12	16	13
+/- New issues/buybacks		-1	10	-1	-2			
- Paid dividend	5	4	5	3	3	5	7	8
+/- Other	2	1	-7	2	-20	-2	-1	-1
Change in cash	4	-1	5	-6	-5	6	10	5

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	344	429	248	202	248	248	248
Net debt (excl. convertibles)	-19	-28	-21	-13	-21	-32	-37
Enterprise value	324	402	227	189	227	217	211
Sales	82	90	99	104	108	117	125
EBITDA	12	14	9	12	18	22	25
EBIT	9	11	6	8	14	18	20
Pre-tax	8	11	6	7	14	18	20
Earnings	7	9	5	5	11	14	16
Equity book value (excl. minorities)	58	74	73	73	80	89	98

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	4.0	4.5	2.3	1.8	2.1	1.8	1.7
EV/EBITDA	27.3	29.0	25.0	16.1	12.5	9.7	8.6
EV/EBITA	37.1	38.0	39.2	23.1	15.7	11.5	10.1
EV/EBIT	37.1	38.0	39.2	23.1	15.8	11.9	10.4
EV/OCF	43.1	56.4	-772.5	17.7	13.9	10.6	12.0
EV/FCF	65.2	78.5	-132.7	8.7	18.3	13.7	16.6
P/FCFR	77.4	74.5	-128.9	9.6	20.8	15.9	19.7
P/E	51.0	46.4	45.3	29.3	23.0	17.4	15.5
P/BV	5.9	5.8	3.4	2.8	3.1	2.8	2.5
Target EV/EBITDA					14.2	11.1	9.8
Target EV/EBIT					17.9	13.6	11.9
Target EV/FCFF					21.6	15.8	19.2
Target P/BV					3.5	3.1	2.8
Target P/E, diluted	59.7	44.4	49.2	36.8	25.9	19.5	17.4

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	14.38	14.66	14.66	14.66	14.66	14.66	14.66
Number of shares (diluted, million)	14.88	15.16	15.16	14.66	14.66	14.66	14.66
EPS	0.47	0.63	0.35	0.38	0.73	0.97	1.09
Operating cash flow per share	0.52	0.49	-0.02	0.73	1.11	1.40	1.20
Free cash flow per share	0.31	0.39	-0.13	1.44	0.81	1.07	0.86
Book value per share	4.06	5.02	4.96	4.97	5.47	6.08	6.68
Dividend per share	0.28	0.35	0.20	0.23	0.37	0.49	0.54
Dividend payout ratio, %	59.7%	55.4%	57.0%	61.3%	50.0%	50.0%	50.0%
Dividend yield, %	1.2%	1.2%	1.2%	1.7%	2.2%	2.9%	3.2%
FCF yield, %	1.3%	1.3%	-0.8%	10.5%	4.8%	6.3%	5.1%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	11.6%	14.0%	7.0%	7.6%	14.1%	16.9%	17.1%
ROCE	13.6%	15.1%	7.7%	10.6%	17.5%	20.6%	21.0%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
Inventories as % of sales	19.5%	24.8%	25.2%	22.7%	24.0%	19.0%	19.0%
Receivables as % of sales	30.1%	34.8%	36.2%	33.8%	30.0%	30.0%	30.0%
Non-int. bearing liabilities as % of sales	13.4%	17.1%	14.2%	13.4%	14.0%	14.0%	14.0%
NWC/sales, %	35.6%	41.3%	45.6%	41.8%	38.7%	33.8%	33.8%
Operative CAPEX/Sales, %	3.8%	1.5%	1.7%	1.9%	4.1%	4.2%	4.0%
CAPEX/sales (incl. acquisitions), %	3.8%	1.5%	1.7%	13.9%	4.1%	4.2%	4.0%
FCFF/EBITDA	0.4	0.4	-0.2	1.9	0.7	0.7	0.5
Net Debt/EBITDA, book-weighted	-1.6	-2.0	-2.3	-1.1	-1.2	-1.4	-1.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Gearing, %	-33.2%	-37.6%	-28.3%	-17.7%	-26.7%	-35.5%	-37.8%

**COMPANY DESCRIPTION:** Detection Technology is a global provider of off-the-shelf and customized X-ray imaging solutions for medical, security and industrial applications. DT's product portfolio ranges from photodiodes to complete detector systems with ASICs, electronics, mechanics and software. The company was established in 1991 and it listed on Nasdaq First North Finland in 2015. The company is headquartered in Finland and has volume production in Beijing, China. Detection Technology has ~450 employees in Finland, China, France and USA, serving 370 active customers in over 40 countries.

**INVESTMENT CASE:** Demand for Detection Technology's detector solutions is increasing due to expansion of healthcare to a wider share of population in the emerging economies, aging population, growth in travelling and freight transport, urbanization, increased security concerns and increasing need for X-ray imaging applications in industrial inspection. We see investment case attractive due to strong market drivers, especially in China, as well as DT's compelling strategy and execution capabilities, which should enable DT to grow faster than the market and maintain above target level margins. Supported by the underlying megatrends and market expansion in TFT-flat panel markets, DT has lots of long-term potential in our view. Low valuation compared to historical multiples and peers provides a decent yield also on a short-term in our view.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	5 280 167	89.235	36.0 %
OP-Finland Fund	617 376	10.434	4.2 %
Varma Mutual Pension Insurance Company	515 000	8.704	3.5 %
Sijoitusrahassto Aktia Capital	463 654	7.836	3.2 %
Ilimarinen Mutual Pension Insurance Company	435 737	7.364	3.0 %
Martola Hannu Veikko	431 690	7.296	2.9 %
Veritas Pension Insurance Company Ltd.	389 387	6.581	2.7 %
Evli Finnish Small Cap Fund	352 000	5.949	2.4 %
OP-Finland Small Firms Fund	330 019	5.577	2.3 %
Säästöpankki Kotimaa	260 000	4.394	1.8 %
Ten largest	9 075 030	153.368	61.9 %
Residual	5 580 900	94.317	38.1 %
Total	14 655 930	247.685	100%

#### EARNINGS CALENDAR

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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CFO: Matti Nylander  
IR: Johanna Tarkiainen

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**DEFINITIONS**

<p><b>P/E</b></p> $\frac{\text{Price per share}}{\text{Earnings per share}}$	<p><b>EPS</b></p> $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<p><b>P/BV</b></p> $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<p><b>DPS</b></p> <p>Dividend for the financial period per share</p>
<p><b>Market cap</b></p> <p>Price per share * Number of shares</p>	<p><b>OCF (Operating cash flow)</b></p> <p>EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments</p>
<p><b>EV (Enterprise value)</b></p> <p>Market cap + net debt + minority interest at market value – share of associated companies at market value</p>	<p><b>FCF (Free cash flow)</b></p> <p>Operating cash flow – Operative CAPEX – acquisitions + divestments</p>
<p><b>EV/Sales</b></p> $\frac{\text{Enterprise value}}{\text{Sales}}$	<p><b>FCF yield, %</b></p> $\frac{\text{Free cash flow}}{\text{Market cap}}$
<p><b>EV/EBITDA</b></p> $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<p><b>Operative CAPEX / Sales</b></p> $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<p><b>EV/EBIT</b></p> $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<p><b>Net working capital</b></p> <p>Current assets – current liabilities</p>
<p><b>Net debt</b></p> <p>Interest bearing debt – financial assets</p>	<p><b>Capital employed / Share</b></p> $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<p><b>Total assets</b></p> <p>Balance sheet total</p>	<p><b>Gearing</b></p> $\frac{\text{Net debt}}{\text{Equity}}$
<p><b>Div yield, %</b></p> $\frac{\text{Dividend per share}}{\text{Price per share}}$	<p><b>Debt/Equity, %</b></p> $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<p><b>Payout ratio, %</b></p> $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<p><b>Equity ratio, %</b></p> $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<p><b>ROCE, %</b></p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<p><b>CAGR, %</b></p> <p>Cumulative annual growth rate = Average growth rate per year</p>
<p><b>ROE, %</b></p> $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	



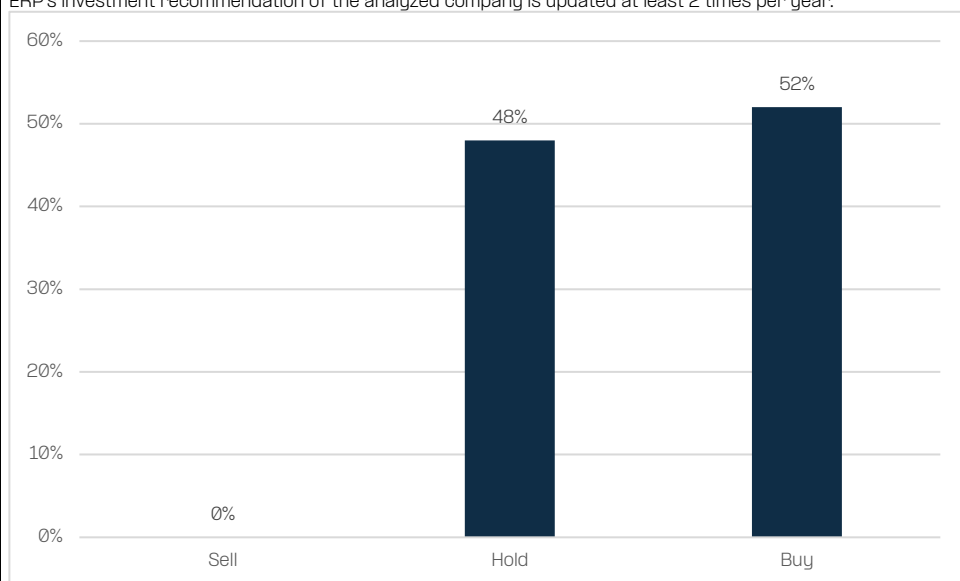
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Joonas Iivonen

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